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VIA ECF

The Honorable Analisa Torres
United States District Court
Southern District of New York
500 Pearl St. New York, NY 10007-1312

RE: Letter Motion of Proposed Amicus Curiae, SpendTheBits, Inc. for Leave to File Amicus Curiae Brief in Support of Defendant Ripple Labs, Inc.’s Motion for Summary Judgment.

Dear Judge Torres:

Pursuant to Your Honor’s Individual Practices in Civil Cases, section I.B., SpendTheBits, Inc. (“SpendTheBits”) requests leave to file an amicus brief in support of Defendant Ripple Labs, Inc.’s Motion for Summary Judgment. SpendTheBits is aware of other amici filings however its proposed brief is not cumulative, and its perspective is easily distinguishable from other amici because unlike TapJets, which accepts XRP as payment and unlike iRemit, which is an ODL customer, SpendTheBits is a private company that created and built an application designed to use XRP and the XRP Ledger (“XRPL”), without Ripple’s knowledge or consent, to transfer Bitcoin.

Who is Amicus Curiae?

SpendTheBits is a for-profit foreign company, based out of Alberta, Canada and soon launching in El Salvador, that utilizes the opensource blockchain technology of the XRPL to send and receive Bitcoin within seconds, easily and inexpensively. The main focus is to provide interoperable multi-currency payment solutions around the globe. Transferring Bitcoin on a bitcoin network can take anywhere from ten minutes to one hour, depending on the network traffic. With SpendTheBits, it takes three to five seconds to complete the transaction on the XRPL. As a business that relies on XRP and the XRPL as a vital piece of its operation, SpendTheBits not only has an interest in the outcome of this litigation but its use case also disproves the SEC’s allegations that “investors in XRP cannot take most or any of the steps that Ripple has taken to grow the XRP ecosystem...Most, if not all, XRP investors simply lack the technical expertise and the resources to do so...Nor are XRP investors in any position to increase significantly “demand” or “value” for XRP by developing a “use” for the token through entrepreneurial efforts—at least not without Ripple’s support.” ECF No. 46 at ¶¶ 285-86.

What is Amicus Curiae's Interest?

The SEC has maintained XRP is a security, that users and developers independent of Ripple don't have the ability or resources to grow the XRP ecosystem; that they can't develop a use for the token without Ripple's help or efforts. *Id.* However, this is simply not true. Jay Kambo, the founder and CEO of SpendTheBits, was introduced to the crypto-space in 2016. With an IT background, Jay quickly recognized the slow transfer speed of the Bitcoin network, which has been commonly referred to the Bitcoin scaling problem in the cryptocurrency community.¹ After some research, Jay began building SpendTheBits on the XRPL in September 2019. While the SEC asserts that Defendants' promised efforts are what make XRP a security (March 19, 2021 Hr'g Tr. at 51:15-21), not only was Jay unaware of any such promised efforts but he certainly did not rely on any of those alleged efforts to develop his application. In fact, When Jay first acquired XRP to establish the trustline to build his app, he was unaware of the company Ripple and its executives. SpendTheBits uses XRP as a bridge currency on the XRPL to transfer Bitcoin for peer-to-peer payments in less than five seconds; this application creates a utility for XRP without Ripple even knowing it exists.

The underlying technology of XRP provides a vast amount of utility without the permission or knowledge of Ripple. Just like Bitcoin is the native token of the bitcoin network, XRP is the native token of the XRPL. That means you use bitcoin to move things on the bitcoin network and XRP to move things on the XRPL. Jay was eager to launch SpendTheBits in Canada and then the U.S. but the lack of regulatory clarity and commencement of this case halted such plans. SpendTheBits is currently working on a Spanish version of the app to launch in El Salvador, where Bitcoin is recognized as legal tender. Clearly, SpendTheBits's interests have been impacted by this lawsuit already but without making a distinction between particular sales involving the individual defendants and XRP in the secondary market, the SEC is threatening the viability of SpendTheBits.

SpendTheBits's unique position can provide this Court with meaningful and important information and context related to issues in the case. As such, SpendTheBits respectfully requests this Court grant leave for it to submit the proposed amicus brief attached hereto as Exhibit A.

Respectfully,

/s/ Joam Alisme
JOAM ALISME

Cc: All Counsel (*Via ECF*)

¹ See Bitcoin Scaling Problem, Explained (2017) <https://cointelegraph.com/explained/bitcoin-scaling-problem-explained>